



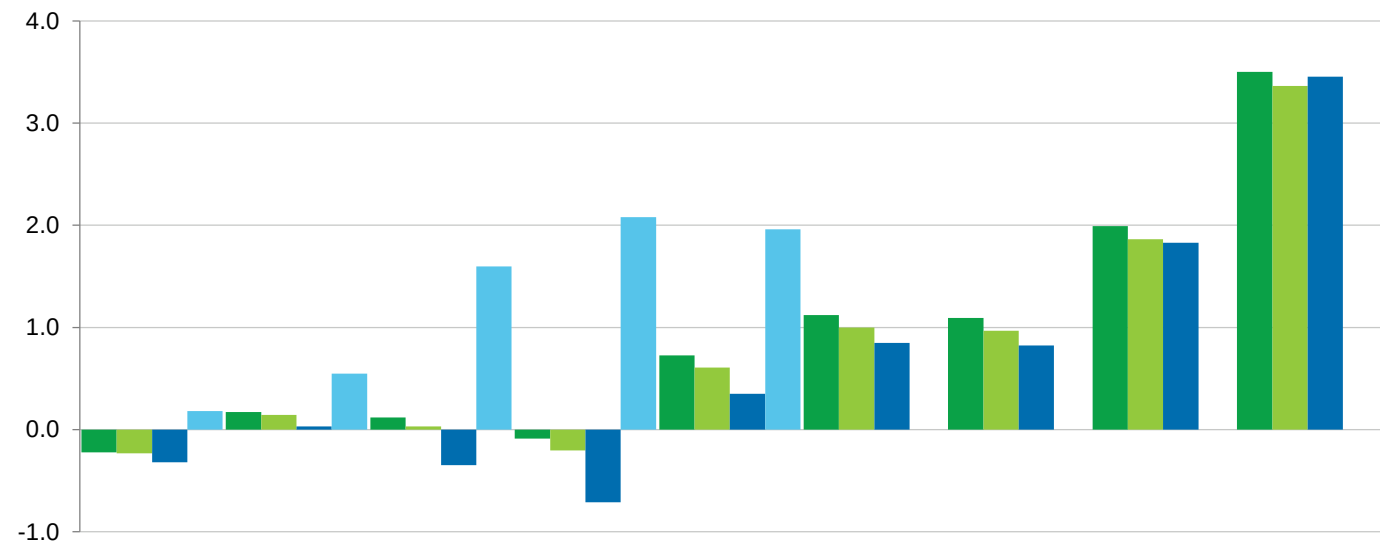
City of Shakopee

Quarterly Portfolio Report as of September 30, 2018

3Q
2018



Performance Summary



Inception Date: 07/31/1999

Returns for periods greater than one year are annualized.

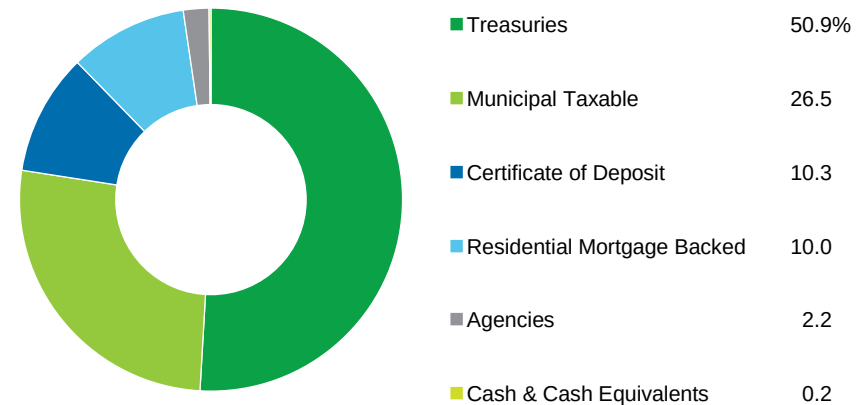


Portfolio Composition

Portfolio Activity

	Amount	Market Value
Beginning Market Value		\$45,925,201
Income Received (net of expenses)	\$248,572	
Market Appreciation	-145,451	
Net Additions/Withdrawals	1	
Realized Gain/Loss	-24,462	
Amortization/Accretion	-438	
Total Changes	\$78,222	\$78,222
Total Market Value		\$46,003,422

Asset Allocation



Portfolio Composition

Asset Type	Market Value	% of Portfolio
Cash	\$74,482	0.16%
Fixed Income	45,692,229	99.32
Accrued Income	236,711	0.51
Open Income Receivables	0	0.00
Total Market Value	\$46,003,422	100.00%

Slight discrepancies may appear due to rounding.

† Total Market Value includes accrued interest.



Portfolio Composition (continued)

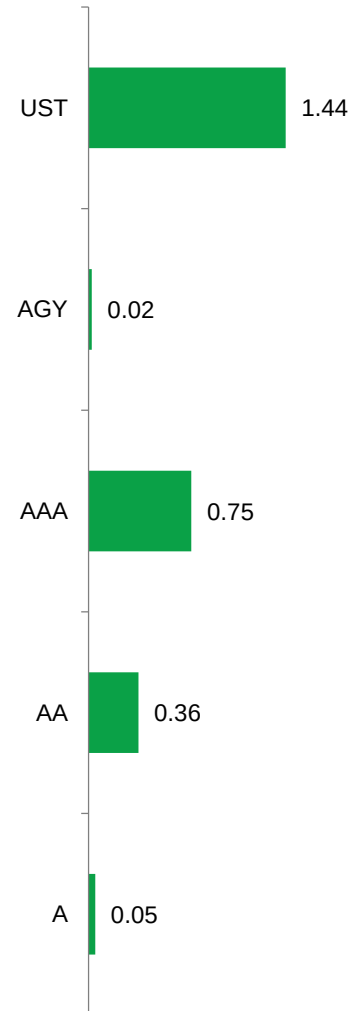
Characteristics

	Portfolio	Benchmark
Effective Duration	2.62	2.90
Convexity	0.07	0.06
Average Quality	AAA	AAA
Acquisition Yield	2.20%	N/A
Yield to Maturity	2.95%	2.93%
Modified Duration	2.63	2.89

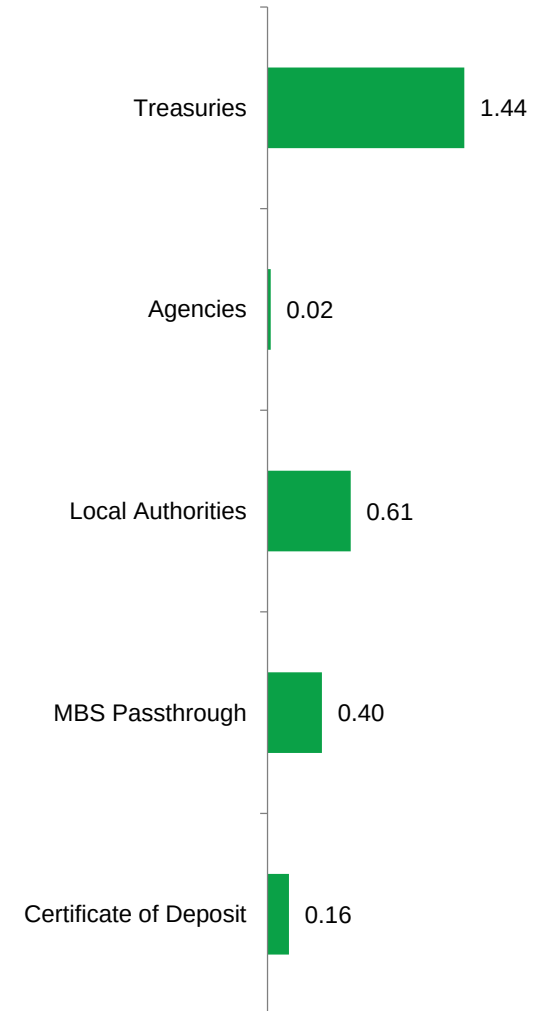
Duration Distribution

Duration	Portfolio	Benchmark
Less than 2	34.14%	26.70%
2-4	49.09	50.67
4-6	16.53	22.63
6-8	0.23	0.00
8-10	0.00	0.00
10+	0.00	0.00

Credit Quality Contribution to Duration



Sector Contribution to Duration



Benchmark = 80% Bloomberg Barclays 1-5 Yr Treasury 20% MBS 15 Yr Index
Slight discrepancies may appear due to rounding.

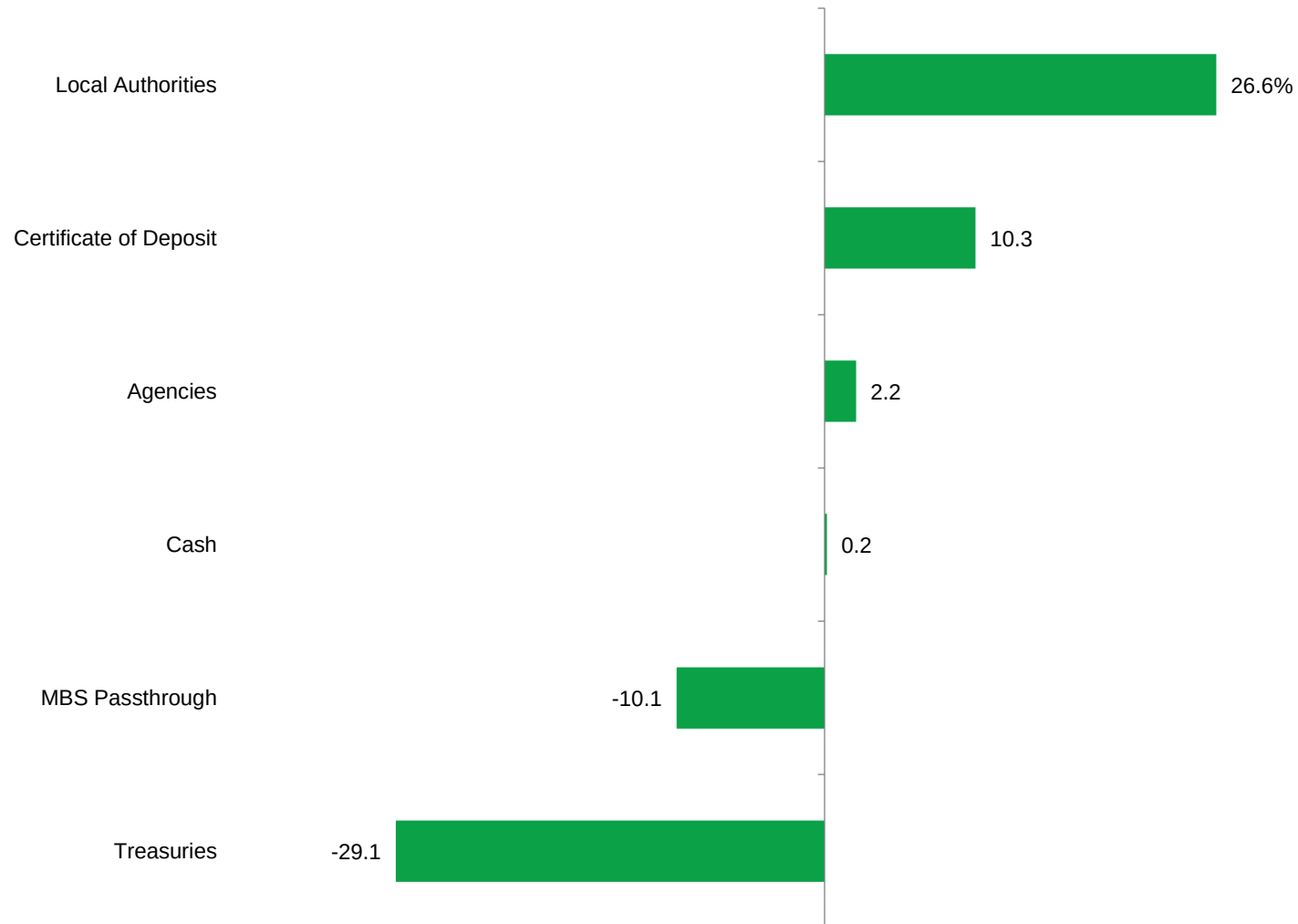


Sector Allocation

Market Value: **\$45,766,712**

as of 09/30/18

Relative To 80% Bloomberg Barclays 1-5 Yr Treasury 20% MBS 15 Yr Index





Top 10 Holdings

Number of Securities: **106**

CUSIP	Issue Name	Maturity Date	Coupon	Par Value	Market Value	% of Portfolio	Moody's	S&P	Fitch
912828N48	United States Treasury Note/Bond	12/31/2020	1.750%	\$1,600,000	\$1,562,000	3.41%	Aaa	AA+*	AAA*
3128MMTW3 FG G18564		03/15/2030	2.500	1,250,422	1,208,323	2.64	Aaa*	AA+*	AAA*
912828U65	United States Treasury Note/Bond	11/30/2021	1.750	1,250,000	1,206,738	2.64	Aaa	AA+*	AAA*
912828S76	United States Treasury Note/Bond	07/31/2021	1.125	1,250,000	1,190,576	2.60	Aaa	AA+*	AAA*
912828XW5	United States Treasury Note/Bond	06/30/2022	1.750	1,200,000	1,150,547	2.51	Aaa	AA+*	AAA*
912828V23	United States Treasury Note/Bond	12/31/2023	2.250	1,125,000	1,086,064	2.37	Aaa	AA+*	AAA*
9128284L1	United States Treasury Note/Bond	04/30/2023	2.750	1,000,000	991,758	2.17	Aaa	AA+*	AAA*
3138WAQH3 FN AS1355		05/25/2028	2.500	1,016,571	988,303	2.16	Aaa*	AA+*	AAA*
31418B2N5 FN MA2580		10/25/2030	2.500	1,021,172	986,103	2.15	Aaa*	AA+*	AAA*
29270CL52	Energy Northwest	07/01/2020	2.117	1,000,000	983,410	2.15	Aa1	AA-	AA

* Ratings provided for this security are the ratings assigned to the Issuer (or guarantor) of the security.



Transaction Summary

Purchases

	Par Value	Principal	Acq Yield*	Accrued Interest
Current Quarter	\$4,441,526	\$4,331,491	2.75%	\$14,851
2018 YTD	16,091,526	15,721,109	2.57	50,340
2017	24,918,000	24,921,363	1.37	27,526
2016	30,641,119	30,683,752	1.26	55,107

Sales

	Par Value	Principal	Market Yield*	Accrued Interest
Current Quarter	\$2,525,000	\$2,494,170	2.41%	\$11,668
2018 YTD	11,150,000	11,048,518	2.25	35,123
2017	13,050,000	13,051,705	1.29	43,461
2016	23,430,000	23,511,622	0.92	74,163

Other Disposals - Current Quarter

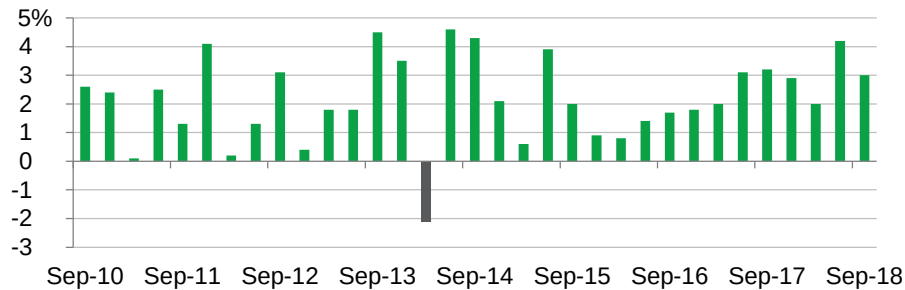
	Par Value	Principal	Market Yield*	Accrued Interest
Matured	\$1,055,000	\$1,055,000	1.45%	\$0

* Weighted average.



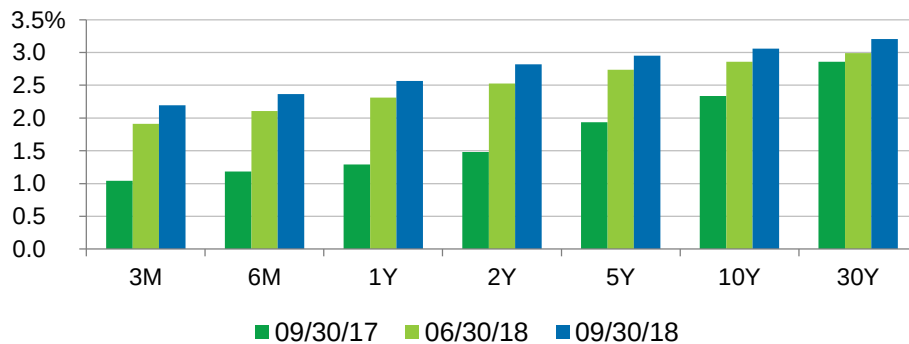
Economic Overview

GDP Growth (YoY)



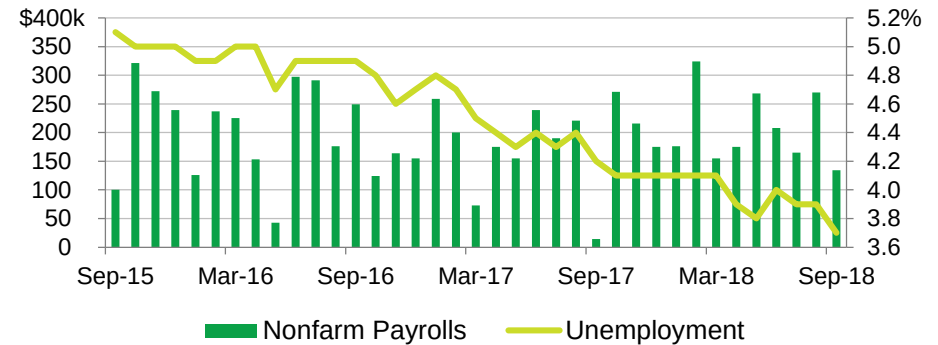
- Third Quarter GDP is forecast to decline to 3.0% from 4.2% in the second quarter, citing weaker consumer spending.
- Despite the strong job market and increased after-tax income, the potential for trade tensions to impact prices is causing household spending to decelerate.

Yield Curve



- The yield curve continued to move higher following the Fed's September 25 bps increase in the Fed Funds Rate.
- The recent 25 bps increase was the eighth time the FOMC has raised borrowing costs since late 2015.

Employment



- The jobless rate fell more than expected, and at 3.7% is the lowest rate since 1969.
- Average hourly earnings are up 2.8% from last year, meeting projections.

Oil Price Rebound



- Global oil prices have risen to levels not seen in nearly four years amid a rebound in investor confidence and the global economy.
- Prices going forward will put global supply constraints against the U.S.-China trade dispute.